

# REGIONAL FIBER CONSORTIUM

## Annual Financial Statements

For the Years Ended  
June 30, 2019 and 2018



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REGIONAL FIBER CONSORTIUM

**ANNUAL FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2019 and 2018**

Prepared by:

City of Springfield  
Finance Department

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REGIONAL FIBER CONSORTIUM

FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Board of Directors	9
<b>FINANCIAL SECTION</b>	
Independent Accountant's Review Report	15-16
Management's Discussion & Analysis	19-23
Basic Financial Statements:	
Comparative Statements of Net Position	27
Comparative Statements of Revenues, Expenses and Changes in Net Position	28
Comparative Statements of Cash Flows	29
Notes to Financial Statements	30-32
Supplementary Information:	
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual	35
<b>COMPLIANCE SECTION</b>	
Management Representation of Fiscal Affairs	39

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# Introductory Section

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REGIONAL FIBER CONSORTIUM  
BOARD OF DIRECTORS

Richard Meyers	Chair	City of Cottage Grove 400 East Main Street Cottage Grove, OR 97424
Kelli Weese	Vice Chair	City of Florence 250 Highway 101 Florence, OR 97439
Pam Berrian	Executive Committee	City of Eugene 61 W. 8 <sup>th</sup> Avenue Eugene, OR 97401
Ric Ingham	Executive Committee	City of Veneta 88184 8 <sup>th</sup> Street Veneta, OR 97487
Tom Boyatt	Executive Committee	City of Springfield 225 Fifth Street Springfield, OR 97477
Nathan Cherpeski	Executive Committee	City of Klamath Falls 500 Klamath Avenue Klamath Falls, OR 97601
Steve Dahl	Executive Committee	City of Drain 129 West "C" Avenue Drain, OR 97435
Austin Ramirez	Executive Committee	Lane County 125 East Eighth Ave Eugene, OR 97401
Melody Cornelius	Executive Committee	City of Westfir 47441 Westoak Road Westfir, OR 97492

ADMINISTRATION

**Fiscal:**

Nathan Bell  
Finance Director  
City of Springfield

Neil Obringer  
Budget Officer  
City of Springfield

**Operational:**

Jacob Callister  
Fiber Lead / Senior Planner  
Lane Council of Governments

Anne Davies  
Principal Attorney  
Lane Council of Governments

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# Financial Section

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# **Independent Accountant's Review Report**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT ACCOUNTANT'S REVIEW REPORT***

Board of Directors  
Regional Fiber Consortium  
225 Fifth Street  
Springfield, Oregon 97477

We have reviewed the accompanying financial statements of the Regional Fiber Consortium (the Consortium), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### ***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.


### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

### ***Supplementary Information***

The supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
\_\_\_\_\_  
Ryan T. Pasquarella, CPA  
December 27, 2019

# **Management's Discussion and Analysis**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Regional Fiber Consortium (Consortium) was established on August 1, 1999 through an intergovernmental agreement among a group of Oregon cities and counties and the agreement was subsequently amended as cities and counties joined or left the consortium. As of June 30, 2019, the current membership includes the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, Merrill, Bandon, Myrtle Point, Coquille, Coos Bay, North Bend, Reedsport, Roseburg, Sutherlin, Eugene, Florence, Cottage Grove, Drain, Yoncalla, Veneta, Creswell, Lane County, Coos County and Klamath County.

Our discussion and analysis of the financial performance of the Consortium provides an overview of the Consortium's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Consortium's financial statements, which begin on Page 27.

### **Mission**

The Consortium was formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium by a number of fiber providers in consideration of right-of-way user fees payable to the cities who are members of the Consortium. It is the intention of the Consortium to develop an appropriate level of communication services for the citizens of the member jurisdictions and to serve the public interest by stimulating economic development in the communities through which the fiber optic cable passes. In February of 2010, the Lane Council of Governments (LCOG) was awarded \$8.4 million in American Recovery and Reinvestment Act funding as part of the national broadband stimulus program sponsored by the National Telecommunications and Information Administration (NTIA). The Consortium played a key role in this stimulus program by providing the bulk of the required \$2.2 million match. That funding has been used to provide "middle mile" connectivity between the Consortium's fiber and local facilities of telecommunications providers, greatly simplifying the task of energizing the network. That project has been completed and over one-hundred anchor institutions have gained connectivity. In the Springfield area, the project financed the construction of fiber to the City's Operations and Emergency Management facility, as well as providing connectivity to the Volunteers in Medicine facility, the Homes for Good (previously HACSA) low income housing facility, and to the WALTERVILLE School. In the three counties served by the project, thirty-one medical facilities, including two hospitals, were connected, giving them access to the already connected McKenzie-Willamette and PeaceHealth hospitals. In addition, thirty-nine school buildings were connected in ten different school districts, twenty-six police and fire stations, ten libraries, and thirty-three government buildings, including nine city halls. The fiber constructed during the Broadband Technology Opportunities Program (BTOP) project has led to development of a call center in Veneta and expansion of a call center and other businesses in Cottage Grove.

## **Responsibility and Controls**

The Lane Council of Governments (LCOG) provides general staffing for the Consortium, including scheduling and staffing meetings, managing and negotiating the leases, and recordkeeping. The City of Springfield performs all financial administrative duties for the Consortium in accordance with the provisions of an intergovernmental agreement between the City of Springfield and Regional Fiber Consortium.

The Intergovernmental Agreement between the City of Springfield and the Consortium provides that the City of Springfield may charge a reasonable administrative fee for budgeting and administrative services. For the years ended June 30, 2019 and June 30, 2018, the cost of such services was \$12,000.

## **Financial Highlights**

- The Consortium's total assets at June 30, 2019 increased \$68,283 from \$317,097 to \$385,380, or 21.5% from the prior year. This increase in total assets was primarily due to an increase in cash of \$34,653 and an increase in accounts receivables of \$33,498.
- The Consortium's total liabilities increased by \$30,820 from \$11,992 to \$42,812. This increase was due to an increase in accounts payable.
- The net position of the Consortium (assets less liabilities) at June 30, 2019 increased \$37,463 from \$305,105 to \$342,568, or 12.3% from the prior year.
- The Consortium's total operating revenues increased \$5,469 over the prior year from \$158,024 to \$163,493. This increase in revenue was due to increases in the fiber lease rates for some larger customers, as well as the execution of two new fiber leases.
- The Consortium's total operating expenses increased \$49,211 over the prior year from \$84,136 to \$133,347. This increase was primarily due to the Consortium awarding grant funding of \$15,000 for fiber optic cable installation in the current fiscal year, while no grants were awarded in the prior fiscal year, an increase of \$29,020 in contractual service payments to Lane Council of Governments due to higher administration costs in the current fiscal year related to the CenturyLink IRU lease negotiations, as well as an increase of \$5,191 for travel and meeting expenses related to attending the NATOA and Oregon Connections conferences.

## **Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Consortium's condition and performance.

The financial statements report information about the Consortium using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The financial statements include a comparative statement of net position and a comparative statement of revenues, expenses, and changes in net position. The statement of net position presents the financial position on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end; the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.

The financial statements were prepared by the City of Springfield’s staff from the detailed books and records of the Consortium. The financial statements were reviewed by independent accountants as required by the State of Oregon.

### Financial Analysis

The Consortium’s overall financial position increased in fiscal year 2019 as compared to 2018. While revenues increased relating to annual fiber lease increases and the new fiber leases, expenditures also increased due to the consortium award granted during the current fiscal year, the increase in payments to Lane Council of Governments for contractual services (as a result, in part, of additional time spent negotiating renewed leases with CenturyLink), as well as the increase for travel and meeting expenses.

#### Regional Fiber Consortium Net Position

	June 30,		
	Restated		
	2019	2018	2017
Current assets	\$ 385,380	\$ 317,097	\$ 268,940
Current liabilities	42,812	11,992	48,841
Net position:			
Unrestricted	<u>\$ 342,568</u>	<u>\$ 305,105</u>	<u>\$ 220,099</u>

As of June 30, 2019, unrestricted net position was \$342,568, an increase of \$37,463 (12.3%) from the prior year, as compared to an unrestricted net position of \$305,105 as of June 30, 2018, an increase of \$85,006 (38.6%) from fiscal year 2017. The increase in 2019 can be primarily attributed to the increase in cash and investments, and accounts receivables as explained earlier.

### Regional Fiber Consortium Change in Net Position

	Year Ended June 30,		
	2019	Restated 2018	2017
Operating revenues	\$ 163,493	\$ 158,024	\$ 139,441
Operating expenses	<u>133,347</u>	<u>84,136</u>	<u>163,987</u>
Operating income (loss)	30,146	73,888	(24,546)
Non-operating revenues	<u>7,317</u>	<u>2,868</u>	<u>1,650</u>
Change in net position	37,463	76,756	(22,896)
Net position, beginning of year	305,105	220,099	242,995
Prior Period adjustment (Note C)	<u>-</u>	<u>8,250</u>	<u>-</u>
Net position, beginning of year, as restated	<u>305,105</u>	<u>228,349</u>	<u>242,995</u>
Net position, end of year	<u><u>\$ 342,568</u></u>	<u><u>\$ 305,105</u></u>	<u><u>\$ 220,099</u></u>

Overall, lease revenues increased by \$5,469 or 3.5% from fiscal 2018 to 2019 as compared to an increase of \$18,583 or 13.3% from fiscal 2017 to 2018. Both years experienced a modest increase resulting from an increase to the fiber lease rates for larger customers, with 2018 seeing a slightly higher increase also relating to the new fiber leases. In 2019, Consortium expenditures were \$133,347 as compared to \$84,136 in 2018 and \$163,987 in 2017. In 2018 there was a significant decrease in contractual services due to a decrease in operations staffing time spent on Consortium activities and the fact that no connectivity grants were awarded. 2019 saw a significant increase in contractual services due to an increase in operations staffing time spent on Consortium activities, an increase in travel and meeting expenses, and the issuance of a small connectivity grant.

### Budgetary Highlights

The original budget was not amended in 2019. The differences between the original budget and the actual budget basis revenues and expenditures can be summarized as follows:

- Revenues were over budget by \$7,210 (4.9%).
- Expenditures were under budget by \$45,728 (25.5%).

## **Economic Factors and Next Year's Budget and Rates**

As explained above, the Consortium was formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium by a number of fiber providers, including Level 3 Communications and Williams Communications, in consideration of right-of-way user fees payable to the cities who are members of the Consortium. Both Level 3 and Williams have since been purchased or absorbed by CenturyLink, and the relevant 20-year leases that the Consortium has with CenturyLink are set to expire the end of 2020, or early 2021. Accordingly, Consortium staff has been negotiating with CenturyLink to renew those leases for an additional 20 years. Fortunately, the negotiations are almost complete, and Consortium staff is confident that the Consortium will continue to have use of the fibers for an additional 20 years. That said, the renewal will likely increase expenditures to include some form of payment to CenturyLink for the use of the fibers. The payment is anticipated to be small, however, and with a concurrent increase in Consortium rates for sublessees of the fiber, there will not be a major negative financial impact to the Consortium.

That said, the Consortium may be able to offset the increase in expenditures in several ways. In fiscal year 2015, the Consortium started an annual grant program to provide members with funds to improve broadband services in their communities. If necessary, this grant program can be terminated or suspended, or the Consortium could reduce the frequency of grant expenditures. Further, Consortium staff will be renegotiating subleases with ISPs following the completion of negotiations with CenturyLink. The rates of those subleases will be increased to compensate for the anticipated new expenditure to CenturyLink under the new IRUs. When all is said and done, both expenditure and revenue are anticipated to increase, but the previous general health of the Consortium budget following completion of negotiations with CenturyLink will be maintained.

The Consortium will pay the City of Springfield \$12,000 for administrative services in the coming year.

## **Requests for Information**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Regional Fiber Consortium and to show the Consortium's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Springfield, Accounting Manager, 225 Fifth Street, Springfield, Oregon 97477.

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# Basic Financial Statements

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Regional Fiber Consortium

COMPARATIVE STATEMENTS OF NET POSITION

	June 30,	
	2019	Restated 2018
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 269,173	\$ 234,520
Receivables:		
Accounts receivable	115,308	81,810
Accrued interest	899	767
Total current assets	385,380	317,097
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	42,812	11,992
<b>NET POSITION</b>		
Unrestricted	\$ 342,568	\$ 305,105

The independent accountant's review report and accompanying notes are an integral part of these statements.

Regional Fiber Consortium

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30,	
	2019	Restated 2018
Operating revenues:		
Lease revenue	\$ 163,493	\$ 158,024
Operating expenses:		
Materials and services	133,347	84,136
Operating income (loss)	30,146	73,888
Non-operating revenues:		
Interest on investments	7,317	2,868
Change in net position	37,463	76,756
Net position, beginning of year	305,105	220,099
Prior period adjustment (Note C)	-	8,250
Net position, beginning of year, as restated	305,105	228,349
Net position, end of year	\$ 342,568	\$ 305,105

The independent accountant's review report and accompanying notes are an integral part of these statements.

Regional Fiber Consortium  
COMPARATIVE STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2019	Restated 2018
Cash flows from operating activities:		
Operating receipts	\$ 129,995	\$ 148,354
Cash paid to suppliers for goods and services	(102,527)	(120,985)
Net cash provided by operating activities	27,468	27,369
Cash flows from investing activities:		
Interest received	7,185	2,983
Net change in cash and investments	34,653	30,352
Cash and investments, beginning of year	234,520	204,168
Cash and investments, end of year	\$ 269,173	\$ 234,520
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 30,146	\$ 73,888
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(33,498)	(9,670)
Accounts payable	30,820	(36,849)
Net cash provided by operating activities	\$ 27,468	\$ 27,369

The independent accountant's review report and accompanying notes are an integral part of these statements.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Fiber Consortium was established on August 1, 1999 through an intergovernmental agreement among a group of Oregon cities and counties and the agreement was subsequently amended as cities and counties joined or left the consortium. The Regional Fiber Consortium was initially formed for the purpose of taking control of and managing certain fiber optic cable transferred to the Consortium in the form of a 20-year indefeasible right of use (IRU) by Pacific Fiber Link, LLC, in exchange for a waiver of payment for the right of way use fees that Pacific Fiber Link, LLC would otherwise owe to the cities that were members of the Regional Fiber Consortium. Pacific Fiber Link, LLC later became known as 360° Networks, and was subsequently, acquired by Zayo Group, LLC. Another Consortium, Fiber South Consortium, was later formed for a similar arrangement with Williams Communications, Inc. and Level 3 Communications, LLC. The two Consortia were ultimately consolidated into what is now known as the Regional Fiber Consortium (Consortium). As of June 30, 2019, the current membership includes the Cities of Springfield, Lowell, Coburg, Westfir, Oakridge, Klamath Falls, Merrill, Bandon, Myrtle Point, Coquille, Coos Bay, North Bend, Reedsport, Roseburg, Sutherlin, Eugene, Florence, Cottage Grove, Drain, Yoncalla, Veneta, Creswell, Lane County, Coos County and Klamath County.

It is the purpose of the Consortium to develop an appropriate level of communication services to citizens of the member jurisdictions to serve the public interest by stimulating economic development in the communities through which the fiber optic cable passes.

The financial operations of the Consortium are reported using enterprise fund accounting. It is the intent of the Consortium that the costs of providing fiber access to users on a continuing basis will be financed or recovered primarily through an equitable fee levied on all users.

The City of Springfield performs all administrative duties for the Consortium in accordance with the provisions of an intergovernmental agreement between the City of Springfield and the Regional Fiber Consortium.

#### 1. Reporting Entity

The Regional Fiber Consortium, under the criteria established by GASB, is considered a primary government and is not a component unit of another entity nor is there any component units for which the Consortium is financially accountable.

#### 2. Basis of Accounting

The financial operations of the Regional Fiber Consortium are accounted for using the full accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

All activities of the Consortium are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost (expenses,

See Independent Accountant's Review Report

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Consortium is determined by its measurement focus. The transactions of the Consortium are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into two categories: restricted and unrestricted. Currently there is no restricted net position.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

### 3. Budgetary Accounting

The Consortium adopts an annual budget. The budget is adopted on the modified accrual basis of accounting. All unexpended and unencumbered appropriations in the budget remaining at the end of the fiscal year, lapse. During the year, management is authorized to transfer budgeted amounts between line items within the operating budget.

### 4. Cash and Investments

The Consortium participates in a cash and investment pool maintained by the City of Springfield for all funds under the City's administrative control. The amount reported as cash and investments is the Consortium share of the total City of Springfield cash and investment pool. The Consortium does not maintain bank accounts or investments separate from the City's investment pool. The bank deposits are collateralized pursuant to Oregon Revised Statutes, Chapter 295. The investment in the Oregon State Treasurer's Investment Pool is not required to be categorized by level of risk because this investment is not evidenced by securities.

State statutes authorize the City to invest in obligations of the U. S. Treasury and its agencies, bankers' acceptances, high grade commercial paper, the State of Oregon Local Government Investment Pool and repurchase agreements. Investments are stated at fair value.

For purpose of the statement of cash flows, cash and investments in the City-wide investment pool (including restricted cash and investments) are considered cash and cash equivalents. The pool has the general characteristics of a demand deposit account for the Consortium in that the Consortium may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

See Independent Accountant's Review Report

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 5. Accounts Receivable

Accounts receivable consist of lease payments receivable of \$115,308 and \$81,810, respectively, as of June 30, 2019 and June 30, 2018. No allowance for doubtful accounts is considered necessary.

### 6. Risk Management

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets. The Consortium carries commercial insurance for such risks of loss. There have been no claims resulting from these risks.

## NOTE B – INTERGOVERNMENTAL AGREEMENTS

The Intergovernmental Agreement between the City of Springfield and the Consortium provides that the City of Springfield may charge a reasonable administrative fee for budgeting and accounting services. For the years ended June 30, 2019 and June 30, 2018, the cost of such services was \$12,000 per year.

## NOTE C – PRIOR PERIOD ADJUSTMENT

A prior period adjustment to the net position was recorded in the amount of \$8,250. This represents an increase to receivables, for an IRU lease dated January 1, 2017, for which lease revenues were not accrued in fiscal year 2017. The net position, as of June 30, 2018 was restated in the comparative statements to reflect the 2018 revenue related to the same lease.

See Independent Accountant's Review Report

# Supplementary Information

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City of Springfield, Oregon

REGIONAL FIBER CONSORTIUM  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 147,000	\$ 147,000	\$ 148,468	\$ 1,468	\$ 15,025	\$ 163,493
Investment earnings	1,500	1,500	7,242	5,742	75	7,317
Total revenues	148,500	148,500	155,710	7,210	15,100	170,810
Expenses:						
Current operating:						
Development and public works	179,075	179,075	133,347	45,728	-	133,347
Change in net position	(30,575)	(30,575)	22,363	52,938	15,100	37,463
Net position, beginning of year, as restated	227,037	278,330	278,330	-	26,775	305,105
Net position, end of year	\$ 196,462	\$ 247,755	\$ 300,693	\$ 52,938	\$ 41,875	\$ 342,568

See Independent Accountant's Review Report

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# Compliance Section

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**Management Representation of Fiscal Affairs**

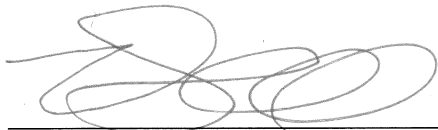
**Required by Oregon Regulation**

**For the Year Ended June 30, 2019**

The Regional Fiber Consortium (the Consortium) is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

- § **Deposit of public funds with financial institutions (ORS Chapter 295).**
- § **Indebtedness limitations, restrictions and repayment.**
- § **Budgets legally required (ORS Chapter 294).**
- § **Insurance and fidelity bonds in force or required by law.**
- § **Programs funded from outside sources.**
- § **Authorized investment of surplus funds (ORS Chapter 294).**
- § **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

The management of the Consortium is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.



Nathan Bell, Finance Director

12-26-19

Date